

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF DELAWARE

IN RE INTEGRATED HEALTH SERVICES, INC., <i>et al.</i> ,)	
)	
Debtors.)	Case Nos. 00-389 through 00-826 (MFW)
)	Jointly Administered
FSQ, INC., <i>et al.</i> ,)	
)	
Appellants,)	
v.)	C.A. No. 04-mc-32 (GMS)
INTEGRATED HEALTH SERVICES INC., <i>et al.</i> ,)	
)	
Appellees.)	
FSQ, INC., <i>et al.</i> ,)	
)	
Appellants,)	
v.)	C.A. No. 07-111 (GMS)
INTEGRATED HEALTH SERVICES INC., <i>et al.</i> ,)	
)	
Appellees.)	
INTEGRATED HEALTH SERVICES INC., <i>et al.</i> ,)	
)	
Cross-Appellants,)	
v.)	C.A. No. 07-112 (GMS)
FSQ, INC., <i>et al.</i> ,)	
)	
Cross-Appellees.)	

STIPULATION AND ORDER PROCEDURALLY CONSOLIDATING APPEALS

FSQ, Inc., *et al.* (collectively "FSQ Appellants"), the United States Department of Health and Human Services ("HHS"), and Integrated Health Services, Inc., *et al.*, by and through its successor IHS Liquidating LLC (collectively the "IHS Appellees," collectively with the FSQ Appellants and HHS as the "Parties") stipulate, subject to approval of the Court, for the procedural consolidation of the above captioned appeals (collectively the "Appeals"), as follows:

WHEREAS, on or about August 9, 2002, the FSQ Plaintiffs, commenced an adversary proceeding entitled FSQ, Inc., et al. v. Integrated Health Services, Inc., et al., United States Bankruptcy Court for the District of Delaware, Adv. Proc. No. 02-5193 (the "Adversary Proceeding"), in which HHS and the IHS Appellees were named defendants;

WHEREAS, on or about December 30, 2003, the Bankruptcy Court entered in the Adversary Proceeding an Order (the "HHS Dismissal Order") granting the HHS Motion to Dismiss all Counts against HHS in the complaint by which the Adversary Complaint was commenced;

WHEREAS, on or about January 9, 2004, the FSQ Appellants filed their Federal Rule of Bankruptcy Procedure 8003 Motion for Leave to Appeal the HHS Dismissal Order (the "Motion for Leave");

WHEREAS, by order dated December 15, 2005 (Docket No. 4 in Case No. 04-mc-32 (GMS)), this Court granted the FSQ Appellants' Motion for Leave;

WHEREAS, on December 21, 2005, this Court approved the Stipulation and Order Granting Stay of Appeal (Docket No. 5 in Case No. 04-mc-32 (GMS)), staying the appeal in Case No. 04-mc-32 (GMS) pending further developments in the Adversary Proceeding;

WHEREAS, on January 9, 2007, the Bankruptcy Court entered its Opinion and Order in the Adversary Proceeding (collectively the "January 9 Order") denying the FSQ Appellants' motion for summary judgment and granting the IHS Appellees' motion for summary judgment;

WHEREAS, on January 16, 2007, the FSQ Appellants filed a Notice of Appeal from the January 9 Order, which appeal has now been docketed in this Court at Case No. 07-111 (GMS);

WHEREAS, on January 26, 2007, the IHS Appellees filed a Notice of Cross-Appeal from the January 9 Order, which appeal has now been docketed in this Court at Case No. 07-112 (GMS);

WHEREAS, the Appeals arise from the same Adversary Proceeding and contain certain overlapping facts and issues;

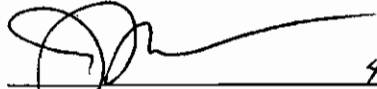
WHEREAS, the parties respectfully submit that the Appeals should be procedurally consolidated in the interests of judicial economy and to allow the Parties to avoid incurring unnecessary costs.

NOW THEREFORE, the Parties stipulate, subject to approval of the Court, that the Appeals shall be procedurally consolidated for purposes of mediation, hearing, and scheduling, including any briefing schedules to govern the Appeals. The Parties reserve their rights to file separate briefs in each of the Appeals. This Stipulation is without prejudice to all of the parties' substantive rights with respect to the Appeals.

Counsel for the United States

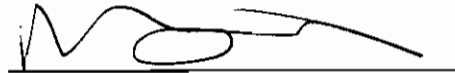
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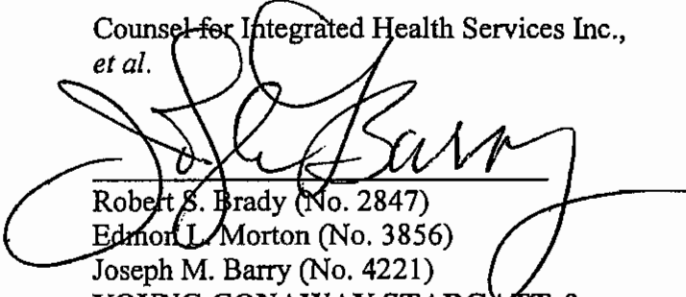


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Dated: March 26, 2007

SO ORDERED this ____ day of April, 2007.

United States District Court Judge